

CENTRAL INTELLIGENCE AGENCY
NATIONAL FOREIGN ASSESSMENT CENTER

31 January 1980

MEMORANDUM

SWEDEN: THE POLITICS OF NUCLEAR ENERGY

Summary

25X1

Since the oil embargo of 1974, nuclear energy has been a perplexing and troublesome issue in Swedish politics. While the referendum scheduled for March should determine Sweden's future nuclear policy, the outcome is difficult to predict. This is largely because referendum questions avoid the extremes--the choice is essentially between 12 reactors to the end of the century and the present 6 reactors phased out in 10 years. The stakes in the referendum are high. Sweden produces more than a quarter of its electricity with nuclear reactors. Without them, the price of electricity would rise markedly and substantially larger coal imports would be required.

25X1

The 1974 oil embargo enabled a Social Democratic government to get parliamentary approval for a tenfold expansion of Sweden's nuclear power capacity. But in 1976, the non-Socialist parties came to power for the first time in over 40 years on the basis of a pledge from the Center Party to dismantle the nuclear industry. Prime Minister Falldin, constrained by pronuclear coalition partners, succeeded in slowing but not reversing the nuclear program.

This memorandum, requested by the Secretary of the Treasury, was prepared by [] of the Western Europe Division, Office of Political Analysis. The paper has been coordinated with the Office of Economic Research and the National Intelligence Officer for Western Europe. Research was completed on 30 January 1980. Questions and comments may be addressed to the Chief, Northern Europe Branch, Western Europe Division, Office of Political Analysis, []

25X1

25X1

PA M# 80-10050

Dup of C05513813 RIP

25X1

CONFIDENTIAL

Pressure from within his Center Party for a stronger stand forced Falldin to step aside in 1978. The collapse of the coalition led to a minority Liberal Party government under Prime Minister Ullsten, a vocal advocate of nuclear power. The Three Mile Island incident, however, side-tracked Ullsten's intention to reinstate the Social Democrat's nuclear program. Swedish politicians, in an effort to limit the role of the nuclear issue in the elections for parliament in the fall of 1979, agreed to place a moratorium 25X1 on further commissioning of nuclear reactors and to hold a referendum in 1980 to resolve the nuclear power question.

Falldin became prime minister again following last fall's election, even though the Center Party won fewer parliamentary seats than any of its coalition partners. The non-socialists maintain that they will be able to work together whatever the outcome of the nuclear referendum. The Social Democrats, however, are using the obviously different stands of the coalition parties to argue for new elections following the referendum.

The Stakes

25X1

The stakes in the referendum are high and are readily apparent to the Swedish voter. In 1973 Sweden depended on imported oil for 60 percent of its energy. The 1975 nuclear power plan was expected to reduce the use of oil to below 40 percent by 1990. By 1978 the six reactors on line were producing 25 percent of Sweden's electricity, the highest share in the world. Nuclear power became even more important following the revolution in Iran--which caused skyrocketing oil prices and threats of scarcity--and was aggravated by the Liberal government's unwillingness to lift price controls.

In preparation for the referendum, the Riksdag (parliament) last June commissioned a study on the consequences of abandoning nuclear power. The study concluded that eliminating nuclear power generation by 1990 would:

25X1

- Cost each worker \$250 per year for the remainder of the century.
- Disrupt energy dependent industries but not necessarily cause long-term unemployment.
- Cause a 40 to 70 percent increase in the price of electricity and require 10 million tons of imported coal per year at the 1979 level of energy use.

The study also concluded that renewable energy sources would make only limited contributions to available electricity before 1990.

CONFIDENTIAL

The Referendum

The referendum, now set for 23 March, poses three "questions," each formulated by the party or parties supporting a particular outcome:

- The Center Party and the small Communist Party formulated a question that would not commission any reactors and would phase out by 1990 the six that are presently operating.
- The Conservative Party ~~and the Social Democrats~~ wrote a question endorsing the original plan for 12 reactors.
- The Social Democrats chose to dissassociate themselves from the Conservatives by a plan commissioning the 12 reactors but calling for their replacement with nonnuclear alternatives as they become available. The Social Democrats would also nationalize energy supply and production.

The government will probably consider a combined majority for the two pronuclear questions to be a vote for nuclear power. Should the Social Democrats' formulation get more votes, they would be encouraged to seek an early election.

Voter sentiment is difficult to gauge because of the moderate nature of the referendum questions. The most recent polls give a slight margin to the pronuclear group but show a substantial number of undecided voters. The result will depend very much on the presentation of each case by government-supported committees.

25X1

25X1

25X1

DISTRIBUTION:

Orig - Treasury
2 - D/NFAC
1 - NFAC Registry
1 - NIO/WE
1 - Secretary Production Board
1 - OER Registry
1 - NFAC Senior Review Panel (Amb. Wm. Leonhart)
1 - NFAC Coordination Staff
1 - Presidential Briefing Coordinator Jay Rivero
1 - EAP Division
2 - D/OPA
2 - OPA Production Staff
3 - P&PG
1 - CD/WE
2 - WE/NE
1 - Author
NFAC/OPA/WE/NE J Kerlin-nkw-6884 (31JAN80)

25X1

25X1